

## Rural Utilities Service, USDA

## § 1786.53

§§ 1786.39–1786.49 [Reserved]

### Subpart C—Special Discounted Prepayments on RUS Direct/Insured Loans

**AUTHORITY:** 7 U.S.C. 901–950b; Title I, Subtitle B, Pub. L. 99–509; Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

**SOURCE:** 51 FR 46999, Dec. 29, 1986, unless otherwise noted. Redesignated at 55 FR 49250, Nov. 27, 1990.

#### § 1786.50 Purpose.

This subpart sets forth the policies and procedures of RUS whereby electric and telephone borrowers may prepay outstanding RUS Notes at the Discounted Present Value of the RUS Notes with private financing.

#### § 1786.51 Definitions.

As used in this subpart:

*Act* means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

*Administrator* means the Administrator of RUS.

*Discounted Present Value* shall have the meaning specified in § 1786.53

*Fund* means the Rural Electrification and Telephone Revolving Fund established pursuant to the Act.

*REA* means the Rural Electrification Administration formerly an agency of the United States Department of Agriculture and predecessor agency to RUS with respect to administering certain electric and telephone loan programs.

*RUS* means the Rural Utilities Service, an agency of the United States Department of Agriculture, established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103–354, 108 Stat. 3178), successor to REA with respect to administering certain electric and telephone programs. See 7 CFR 1700.1.

*RUS Loan Agreement* means the agreement between the borrower and RUS providing for loans pursuant to the Act.

*RUS Notes* means those notes, bonds or other obligations evidencing indebtedness created by loans made pursuant to Titles I, II or III of the Act (7 U.S.C. 901–940).

[51 FR 46999, Dec. 29, 1986. Redesignated at 55 FR 49250, Nov. 27, 1990, as amended at 59 FR 66441, Dec. 27, 1994]

#### § 1786.52 Prepayment.

Through September 30, 1987, the Administrator may, pursuant to this subpart, permit eligible electric and telephone borrowers to prepay all outstanding RUS Notes issued or assumed by such borrowers and held in the Fund, upon paying the lesser of the outstanding balance or the Discounted Present Value.

#### § 1786.53 Discounted present value.

The Discounted Present Value shall be calculated five business days before prepayment is made by summing the present values of all remaining payments by using the following formula:

$$\text{Present Value} = \sum_{k=1}^n \frac{P_k}{\prod_{i=1}^k \left[ 1.0 + \left( \frac{D1_i}{365} + \frac{D2_i}{366} \right) \times I \right]}$$

Where:

$P_k$ =Total payment including interest, due on the  $k^{\text{th}}$  payment date following the prepayment date.

$n$ =Total number of remaining payments dates.

$I$ =The discount rate, in decimals, which shall be the average rate on utility bonds bearing a rating of “Aa” as set forth in that issue of Moody’s Public Utility News Re-

ports most recently published prior to the date on which Discounted Present Value is calculated.

$D1_i$ =Number of days in the  $i^{\text{th}}$  payment period that are in a non-leap year (365 day year).

$D2_i$ =Number of days in the  $i^{\text{th}}$  payment period that are in a leap year (366 day year).